

IDAHO OUTLOOK

NEWS OF IDAHO'S ECONOMY AND BUDGET

STATE OF IDAHO

DIVISION OF FINANCIAL MANAGEMENT

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Hard Times. Idaho's important natural resource-based industries continue to struggle despite growing state and national economies. Preliminary employment data show that Idaho nonfarm employment rose 3.7% from March 1998 to March 1999. However, mining employment was flat. That's the bad news. The good news is things could have been worse. Mining employment dropped in 1998 for the first time since 1993. Soft commodity prices took a heavy toll on the state's mining companies. Central Idaho's Thompson Creek molybdenum mine and mill laid off 30% of its work force. The Delemar Mine in Owyhee County closed. Once the state's largest durable manufacturing employer, the lumber and wood products sector also continues to shed jobs. Around 500 of this sector's jobs were lost last year alone. What is particularly distressing is that many of the recent losses resulted from the permanent closure of several Gem State mills. About 40 positions were lost when Boise Cascade closed its Horseshoe Bend Mill in the fall of 1998. Around 50 workers lost their jobs when the Gem State Lumber Company Mill was salvaged. Benewah County lost 125 jobs when Rayonier Incorporated decided not to rebuild the Plummer sawmill that burned last July. Crown Pacific announced last fall that it would close its Colburn sawmill in 1999. Low prices continue to plague the state's huge agricultural industry. As the table shows, most crop prices still remain well below last year's levels. Alfalfa

MID-MARCH PRICES RECEIVED BY IDAHO FARMERS				
Commodity	Unit	Price		
		1998	1999	Change
Crops				
Alfalfa Hay	Ton	\$100.00	\$77.00	-23.0%
Barley	Bu.	\$2.97	\$2.44	-17.8%
Dry Beans	Bu.	\$22.00	\$16.80	-23.6%
Potatoes	Cwt.	\$4.40	\$4.15	-5.7%
Wheat	Bu.	\$2.85	\$2.76	-3.2%
Livestock				
Beef Cattle	Cwt.	\$58.70	\$59.20	0.9%
Lambs	Cwt.	\$61.00	\$66.00	8.2%
Milk	Cwt.	\$13.00	\$11.90	-8.5%

Note: Price for Lambs in 1999 is for February.

Source: Idaho Agricultural Statistics Service.

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hay, barley, dry beans, potatoes, and wheat prices are all down from last March. Not surprisingly, farmers plan to plant fewer acres of some of the state's crops. Beef prices are virtually unchanged and milk is down more than a dollar from last year's strong showing. Lambs are the only livestock commodity whose prices are showing a marked improvement. However, it remains to be seen whether or not that will hold as national lamb prices are actually lower this year than last.

IDAHO RESERVOIR LEVELS		
Basin Area	Level as of March 31, 1999	
	% of Average	% of Capacity
Panhandle Region	106%	57%
Clearwater River	74%	45%
Weiser, Payette, & Boise Rivers	90%	55%
Wood & Lost Rivers	85%	53%
Upper Snake Rivers	97%	73%
Southside Snake Rivers	92%	61%
Bear Lake River	110%	77%

Source: USDA Natural Resources Conservation Service.

snow water equivalents for all basins except Bear River were above normal. This was especially the case in northern Idaho. For example, the snow water equivalent in the Panhandle Region was 128% of normal as of April 20, 1999. Officials fear that a quick thaw would cause floods in lower lying areas. There has been severe flooding in recent years. In an attempt to avoid this, many reservoirs have been drawn down in order to make room for the anticipated runoff. It is hoped that there will be enough room in the reservoirs when the big thaw does occur.

Water World. One thing farmers won't be worrying about this summer is water. Thanks to above normal precipitation since October 1998, the majority of the state's reservoirs were above or near average at the end of March (see table). Bear River Basin had the most water stored at 110% of normal. Storage in the Clearwater River Basin was the lowest at 74% of average, which was still remarkably strong. Indeed, given the current situation, fears turn from a lack of water to the abundance of water. Although many reservoirs are near capacity, lots of water remains in the mountains in the form of snow. According to the Natural Resources Conservation Service, the

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General Fund Update

As of March 31, 1999

<u>Revenue Source</u>	<u>\$ Millions</u>		
	FY99 Executive Estimate ³	DFM Predicted to Date	Actual Accrued to Date
Individual Income Tax	818.6	548.0	560.4
Corporate Income Tax	110.4	59.4	51.3
Sales Tax	577.6	433.6	441.0
Product Taxes ¹	15.7	11.8	11.9
Miscellaneous	73.6	44.7	47.6
TOTAL GENERAL FUND²	1,595.9	1,097.5	1,112.2

¹ Product Taxes include beer, wine, liquor, and cigarette taxes
² May not total due to rounding
³ Revised Estimate as of January 1999

General Fund revenue was \$12.3 million above the target for March. The strength was spread across all five of the major revenue categories. This is only the second month in FY 1999 that has had all five categories ahead of the projection. When this happened in November the excess was only \$5.5 million. On a cumulative basis, General Fund revenue is now \$14.7 million ahead of the target with only three months remaining in FY 1999.

Individual Income Tax collections were \$9.7 million higher than expected for the month of March. This is almost entirely due to lower-than-expected refund payments. These lower-than-expected refunds are, in part, an offset for the higher-than-expected refunds last month. Withholding collections came in significantly higher than expected in March, which is consistent with very strong Idaho employment growth in the first three months of 1999. Filing collections were weak in March, largely offsetting the strength in withholding collections. This revenue source is now \$12.4 million ahead of the year-to-date expected amount.

Corporate Income Tax collections gained a little bit of ground in March, with \$0.5 million more revenue than was expected. This is mostly due to lower-than-expected refunds in March, which were \$0.6 million below the month's target. On a year-to-date basis, the Corporate Income Tax is still \$8.1 million lower than expected.

Sales Tax collections were up again in March, coming in \$0.7 million ahead of the target. This brings the year-to-date excess to \$7.4 million. Strong economic performance since the beginning of this calendar year bodes well for this revenue category.

Product Taxes were \$0.1 million above target in March, and Miscellaneous revenues were \$1.3 million higher than expected. The Miscellaneous revenue strength was due to a large audit recovery that boosted mine license tax collections.